Jenette A. Barrow-Bosshart, Esq.
William M. Silverman, Esq.
OTTERBOURG, STEINDLER, HOUSTON
& ROSEN, P.C.
230 Park Avenue
New York, New York 10169
Telephone: (212) 661-9100
Facsimile: (212) 682-6104

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
	)	
Brunschwig & Fils, Inc.,	)	Case No. 11-22036 (RDD)
	)	
Debtor.	)	Jointly Administered
	)	

TO THE HONORABLE ROBERT D. DRAIN,
UNITED STATES BANKRUPTCY JUDGE:

LIMITED OBJECTION AND RESERVATION OF RIGHTS WITH RESPECT TO THE SALE MOTION

Cohen Brothers Realty Corporation through its affiliates and as representative of D&D Building Companies LLC, successor in interest to Decoration & Design Building Partnership, Pacific Design Center 1, Design Center of the Americas LLC, successor in interest to DCOTA Development Company Limited Partnership, LLC, and Decorative Center of Houston LP (collectively referred to as "CB") by its undersigned counsel, Otterbourg, Steindler, Houston & Rosen, P.C., hereby submits this limited objection and reservation of rights (the "Objection") to the *Debtor's Motion For Orders (I) Scheduling Hearing to Consider (A) Sale of Substantially All of the Debtor's Assts, Fee and Clear of All Liens, Claims and encumbrances, subject to Higher and Better Offers; and (B) Assumption and Assignment of Executory Contracts: (II) Scheduling Hearing to consider Approval of (A) Break-up Fee/Expense Reimbursement and (B) Bidding Procedures for the Conduct of an Auction and Entering Order thereon; (III) Fixing a cure Claims Bar Date With Respect to the Assumption and Assignment of Executory Contracts; and*

(IV) Fixing Manner and Notice of Sale Hearing; (V) Authorizing the Debtor to Sell Assets, Free and Clear of All Liens, Claims and Encumbrances, Subject to Higher and Better Offers; and (VI) Authorizing Assumption and Assignment of Executory Contracts (the "Sale Motion") [Docket No. 8] In support of this Objection, CB respectfully represents as follows:

PRELIMINARY STATEMENT

CB is a landlord of four (4) of the Debtor's design centers. CB is not disputing the conduct of a sale process. Rather, CB takes issue with certain provisions of the process that have been proposed and questions the appropriateness of others. These concerns include, among others addressed below, the speed of the sale process, the limited universe of potential bidders that have been approached, who conducts the sale process, and issues that are either unique to landlords or, at least, significant to landlords. CB raised certain, but not all, of these concerns with the Debtor's counsel and counsel to Kravet[1], the proposed stalking horse bidder. The Debtor's counsel and counsel to Kravet have indicated a willingness to attempt to address CB's concerns with respect to the lack of a mechanism to provide landlords with adequate assurance information and the lack of a reasonable opportunity for landlords to review adequate assurance information. However, the parties have not yet agreed to such provisions, nor have they addressed certain other concerns. CB hopes that at least the adequate assurance issue will be resolved prior to the hearing on the Sale Motion. In addition, other provisions of the proposed Sale Motion may be objectionable and should have the benefit of Committee (defined below) review. CB reserves the right to join in any objections raised by the Committee.

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1 Capitalized terms not defined herein shall have the meanings ascribed to them in the Sale Motion

BACKGROUND

1. On January 12, 2011 (the "Petition Date"), the Debtor filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code. The Debtor continues to operate its businesses and manage its properties as a debtor in possession pursuant to Bankruptcy Code §§1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these cases.

2. With its petition, the Debtor filed numerous "first day motions", including the Sale Motion.

3. As of the filing of this Objection, no Official Committee of Unsecured Creditors (the "Committee") under §§ 1102(a) and 1102(b) of the Bankruptcy Code has been appointed in the case. However, the United States Trustee for the Southern District of New York is in the process of soliciting creditors with respect to the formation of a Committee. The responses to the questionnaire are not due until January 26, 2011.

4. CB is the landlord of four (4) of the Debtor's design centers. Specifically, CB is landlord at the Debtor's, New York, New York, West Hollywood, California, Dania Beach, Florida and Houston, Texas premises.

OBJECTIONS/RESERVATIONS

5. CB has numerous concerns about the sale process and bid procedures. First, and foremost of CB's concerns is that the Debtor with the help of its proposed Chief Restructuring Officer, Benjamin Capital Advisors, LLC (the "CRO"), is to conduct the sale process. The Motion asserts that prepetition the Debtor only solicited expressions of interest from approximately 7 candidates, including strategic buyers, private equity firms, offshore

strategic buyers and investors which the Debtor asserts had been contacted with respect to potential interest in the acquisition of the company, its assets or for an investment in the company. The very small number of parties contacted suggests that a far from fulsome process has been undertaken. Combining the meager prepetition sale process with the very fast timetable for the proposed auction and sale which would conclude with a Sale Hearing during the week of March 7, 2011, a little less than two (2) months after the Petition Dater, it would appear that this process cannot maximize value to the estate. A company as old and with such a unique reputation in the industry as the name Brunschwig & Fils, Inc. enjoys should be given the respect of a proper sale process.

6. The apparent deficiency in the sale process noted above begs the question whether the Debtor led by the CRO is the right entity to conduct the sale process. In the Debtor's application to engage the CRO (the "CRO Engagement Application") [Docket No. 12] the Debtor discusses the CRO's experience in the textile industry and with distressed companies or companies in insolvency proceedings. No where in the Sale Motion or the CRO Engagement Application is there any discussion of the CRO's experience in conducting sales of companies or the success of such efforts. Even if the CRO has such experience, that does not mean that the CRO is the best suited for undertaking the sale process in this case. In fact, one must question whether the CRO should be engaged for the chief restructuring role. The CRO undoubtedly has knowledge of the Debtor and the industry. However, the CRO has been advising the Debtor since no later than in 2008. During this time period the Debtor's efforts to stave off disaster have come to no avail. Whether the CRO should be engaged to act as the Debtor's Chief Restructuring Officer is an issue for another day. Hopefully, by then the Committee will be formed and can express its views in that regard. Nonetheless, it seems apparent that allowing the Debtor to go over the brink of disaster, and to only reach out to 7 candidates, is not conducting

an adequate process. One would expect that there are 50, if not hundreds of potential candidates that would "fit the bill" of strategic buyers, private equity firms, offshore strategic buyers and investors, instead of on average less than the two (2) from each such category that were solicited!

7. The Sale Motion contemplates that Alternate Bids will be accompanied by certain financial information. However, there is no process provided for the financial information and any other showing of adequate assurance to be provided to the landlords. Landlords should be given a fair opportunity of reviewing such information at least 10 days before any objection to the Winning Bid is due.

8. The purchaser approved at the Sale Hearing as the Winning Bidder should be required to pay all undisputed Cure Claims on closing and should be required to fund an escrow in the full amount of all disputed Cure Claims.

9. All schedules and exhibits to the Kravet Sale Agreement should be attached to the form agreement that the other candidates are to bid against and their bids should include mark-ups to the Sale Agreement and all schedules and exhibits, otherwise it will be impossible to evaluate which bid is actually a higher and better bid. The current procedure only requires that Kravet file the schedule of leases to be assumed 15 days before the Sale Hearing.

10. The Transaction Services Agreement is another of the missing exhibits. CB is concerned that nothing be contained in any proposed Transition Services Agreement that would violate its leases. Similarly, CB is concerned that nothing in the assignment documents is violative of its leases. CB reserves all rights with respect to these issues.

11. As noted above, the Committee has not yet been formed. CB reserves the right to join in any objections raised by the Committee or any other landlords.

12. CB will utilize the time between the filing of this Objection and the hearing on the Sale Motion to try to resolve its Objection with the Debtor and Kravet.

13. Accordingly, CB respectfully requests that the Court make such modifications to the proposed form of Order Approving the Sale Motion as are necessary to address the objections set forth herein and reserve CB's rights to raise further objections until after the Committee has had an opportunity to be heard on the DIP Financing Motion.

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WHEREFORE, for all of the above-stated reasons, the CB respectfully requests that the Court (i) make such modifications to the proposed sale procedures as are necessary to address the objections set forth herein and (ii) grant the CB such other and further relief as is just and proper.

Dated: January 24, 2011
New York, New York

OTTERBOURG, STEINDLER, HOUSTON & ROSEN, P.C.
William M. Silverman, Esq.
Jenette A. Barrow-Bosshart, Esq.

230 Park Avenue
New York, NY 10169
Telephone: (212) 661-9100
Facsimile: (212) 682-6104

By: ______________________
Jenette A. Barrow-Bosshart (JB-5117)
A Member of the Firm

CERTIFICATE OF SERVICE

I, Jenette A. Barrow-Bosshart, certify that I am not less than 18 years of age, and that service of the foregoing **Limited Objection and Reservation of Rights** was caused to be served on January 24, 2011 to the parties identified below as indicated:

BY HAND:

Alan D. Halperin, Esq.
Robert D. Raicht, Esq.
Jocelyn Keynes, Esq.
Halperin Battaglia Raicht, LLP
555 Madison Avenue
9th Floor
New York, NY 10022-3301

Adam C. Harris, Esq.
Schulte Roth & Zabel LLP
919 Third Avenue
New York, NY 10022

BY FEDERAL EXPRESS
STANDARD OVERNIGHT:

Office of the United States Trustee
33 Whitehall Street #21
New York, NY 10004
Attn: Nazar Khodorovsky
Serene Nakano

Jay Teitelbaum, Esq.
Teitelbaum & Baskin, LLP
3 Barker Avenue, 3rd Floor
White Plains, NY 10601

Lori Lapin Jones, Esq.
Lori Lapin Jones PLLC
98 Cutter Mill Road, Suite 201 North
Great Neck, NY 11021

Material Technology & Logistics, Inc.
1325 Mellow Drive
Jessup, PA 18434
Attn: Michael Hillebrand

Darryl S. Laddin, Esq.
Zachary D. Wilson
Arnall Golden Gregory LLP
171 17th Street N.W.
Suite 2100
Atlanta, GA 30363

Robert L. LeHane, Esq.
Jennifer D. Raviele, Esq.
Kelley Drye & Warren LLP
101 Park Avenue
New York, NY 10178

John J. Wiles, Esq.
Wiles & Wiles, LLP
800 Kennesaw Avenue, N.W.
Suite 400
Marietta, GA 30060-7946

Date: January 24, 2011

Jenette A. Barrow-Bosshart [JB-5117]